

December 17, 2018

Hello everyone,

This is the monthly advisor update of the **AlphaDelta Growth of Dividend Income Class** (“GoDI” or the “Fund”) from SciVest Capital Management Inc. (the sub-advisor to the Fund).

### **The Current Portfolio:**

**Attached is the GoDI Portfolio Disclosure.** The first page of the Portfolio Disclosure shows all of the current stock holdings of the Fund, as well as some descriptive, dividend and valuation characteristics for each portfolio holding – plus overall portfolio averages. The second page of the Portfolio Disclosure shows a number of relevant pie charts depicting overall GoDI portfolio exposures and characteristics such as sector, market capitalization, dividend yield and dividend growth “bucket” exposures.

As shown in the Portfolio Disclosure, **across the Fund’s current holdings, the weighted average gross dividend yield is 3.8% per annum with impressive double-digit trailing 1, 3 and 5-year dividend growth rates of 21.5%, 18.1% and 19.1%, respectively.** The 3.8% average dividend yield compares to a portfolio weighted average forward earnings per share yield of 10.1% (**269% dividend coverage**) and forward cashflow yield of 13.8% (**367% dividend coverage**). With regard to valuation, the portfolio weighted **average 12-month forward price-to-earnings ratio is 12.0x** (versus 15.4x for the Russell 1000 Index and 13.8x for the MSCI World Index) and the **average 12-month forward price-to-cash-flow ratio is 8.8x** (versus 10.8x for the Russell 1000 Index and 9.4x for the MSCI World Index).

Note that all of the above statistics are as of November 30<sup>th</sup> – **as of the date hereof, after substantially more market weakness, the portfolio statistics are substantially stronger. For example, as of today, the current weighted average dividend yield of the Fund’s holdings is above 4.2%, the highest it’s even been.**

As always, the GoDI portfolio is well diversified across sectors and industry groups with **the largest sector allocation (Financials) currently at 34.0%**. In order of size, we have the following exposures to the Bloomberg defined sectors (plus REITs): 34.0% Financials, 13.1% Consumer Discretionary, 11.1% Technology, 9.6% Health Care, 7.4% Communications, 4.7% REITs, 4.3% Consumer Staples, 3.4% Energy, 3.1% Industrials, 2.8% Materials, and 0.5% Utilities. In addition, the Fund holds 4.8% in the “Other” sector category, which represents the Fund’s investment in the AlphaDelta Canadian Growth of Dividend Fund.

On an individual stock holding basis, we currently hold a **diversified portfolio of 82 equity positions** (not including the Fund’s holding in the AlphaDelta Canadian Growth of Dividend Fund which itself holds another 47 individual equity holdings). The top 10 individual equity holdings represent 29.1% of the Fund’s assets and are in descending order of size: Invesco Ltd (IVZ, 4.6%), Manulife Financial Corp (MFC, 3.5%), CVS Health Corp (CVS, 3.3%), Broadcom Ltd (AVGO, 3.1%), Prudential Financial Inc (PRU, 3.0%), Abbvie Inc (ABBV, 2.8%), Lam Research Corp (LRCX, 2.4%), Comcast Corp (CMCSA, 2.2%), Morgan Stanley (MS, 2.1%) and Brookfield Property Partners (BPY.U, 2.0%). (See entire GoDI portfolio attached hereto.)

## Portfolio Changes and Movers:

During November, we **initiated new positions** in the French bank BNP Paribas (BNPQY) and the global direct real estate investor and manager Brookfield Property Partners (BPY.U). We also **increased (by at least 0.4%) our existing positions** in AbbVie Inc (ABBV). During November, we **eliminated our positions** in The Boeing Co (BA) and KAR Auction Services Inc (KAR). We also **decreased (by at least 0.4%) our existing positions** in CVS Health Corp (CVS), Manulife Financial Corp (MFC) and Prudential Financial Inc (PRU).

Amongst the month-end GoDI holdings, the five (5) **highest returns during November** (in descending order) were: Newell Brands (NWL), AbbVie Inc (ABBV), Foot Locker (FL), Whirlpool Corp (WHR), and Omega Healthcare Investors (OHI). Amongst the month-end holdings, the five (5) **lowest returns during November** were: Smurfit Kappa Group PLC (SMFKY), Grupo Financiero Bantore SAB (GBOOY), Skyworks Solutions Inc (SWKS), Valero Energy Corp (VLO), and Steel Dynamics Inc (STLD).

## Market Commentary:

**We believe that this year's increase in daily stock market volatility is a symptom of increasing interest rates, and not a signal of an impending economic recession.** We believe that the U.S. economy, and thus U.S. stocks, are “approaching late cycle”, but are not “end of cycle”. That is, we believe that we are in the sixth or seventh inning, not the ninth inning, of a ball game that could easily go into extra innings *if* the U.S. Federal Reserve can manage interest rate “normalization” properly. This is an important “if” however – to us, the Federal Reserve has been too aggressive so far at raising short-term interest rates (especially in conjunction with the roll-off of the Fed’s balance sheet of mid and long-term bonds). **We hope, and expect, that the Federal Reserve will soon dramatically slow or ideally stop their systematic short-term interest rate increases (after a market expected December increase) as we believe that U.S. short-term interest rates have reached the so-called “neutral rate”.** We also believe that the Federal Reserve should, nevertheless, continue to unwind their balance sheet of longer-term bonds thereby allowing longer-term interest rates to drift higher (which would increase the slope of the yield curve).

Overall, we believe that **the recent stock market correction is a healthy valuation and expectations adjustment within a continuing, but moderating, secular bull market for U.S. stocks.** As we have written several times in the past year, the U.S. stock market had become far too narrow with only a small handful of secular growth stocks driving much of the stock market gains, and thus much of the U.S. stock market valuation excesses. **With rising interest rates, the distant future earnings of these growth stocks are discounted at higher discount rates, making those far-out earnings much less valuable in today’s dollars. We believe that the recent valuation adjustment of the U.S. stock market reflects this effect; however, it has hit most stocks, not just the over-priced secular growth stocks that have led the overall U.S. market higher the past couple of years. As a result, we believe that many U.S. stocks are now very attractively priced – especially those that were inexpensive prior to the recent correction (i.e., dividend paying, dividend growing, value stocks).** As always, however, there are many risks to the U.S. economy and stock market that could change the prospects for future corporate earnings (and thus stock prices), including interest rates increasing too-much too-fast, a global trade war, geopolitical events, etc. Another risk that is becoming more pronounced is the risk that a recession becomes a self-fulfilling prophecy – that is to say that a continued stock market correction and bear market premised on fears of a recession itself creates the conditions for a recession to actually occur (i.e., there is little to fear, except fear itself).

In the current market environment, we continue to find **extremely good dividend-growth-at-a-reasonable-price (“DGARP”) within Financials**, which represents the largest sector exposure within the GoDI portfolio. It remains perplexing to us that Financials have not been a leadership group this year because of their *positive* correlation to interest rates and economic growth, and the fact that they are now near historically low valuation levels. Indeed, financial stocks appear to be already pricing in a U.S. recession; although, we do not see an imminent recession in sight. As a result, we continue to expect that the next leg of the U.S. bull market to be led by financial stocks.

**The growth-value return spread has finally started to show some marginal compression.** That is, value stocks have marginally outperformed growth stocks over the past few months – although by far less than one would expect given the significant stock market volatility and correction. **Nevertheless, the 25.9% return spread between large-capitalization growth and value stocks and the 34.2% return spread between small-capitalization growth and value stocks since January 1, 2017 (through December 14, 2018) remains very unusual in the historical context.** As in the late 1990’s, it is virtually impossible to say precisely when the substantial negative spread between value and growth will begin the process of a long-term, consistent unwinding – despite the historically wide valuation spreads between the two styles (according to Morgan Stanley research, the spread which reached the widest in over four (4) decades, with the exception of the peak of the 1999/2000 U.S. technology stock bubble).

### Last Month’s Dividend Announcements:

Since our objective within the GoDI is income/distribution growth, our monthly commentaries generally focus on growth of dividends amongst Fund holdings as opposed to short-term capital returns. In particular, each month we report those Fund holdings which declared dividend changes during the prior calendar month, as well as those holdings we expect to declare dividend changes in the next calendar month. Recall that one of our fundamental beliefs is that, if we can select stocks which consistently increase their dividends into the future, then price appreciation must eventually follow – that is, **long-term price appreciation is a consequence of consistent earnings and dividend growth.**

Amongst our current GoDI holdings, **during the month of November 2018 we received four (4) declared dividend increases averaging an announced increase of 9.9% quarter-over-quarter (“QoQ”) and 23.7% year-over-year (“YoY”),** relative to those already known at the end of the prior calendar month.

No.	Company Name	Ticker Symbol	Current Ind Div Yld (% p.a.)	QoQ Div Increase (%)	YoY Div Increase (%)	Relative to Expected
1	AbbVie Inc	ABBV	4.8	11.5	50.7	😊😊😊
2	J2 Global Inc	JCOM	2.5	2.4	10.1	😊
3	Lincoln National Corp	LNC	2.6	12.1	12.1	😊😊
4	Manulife Financial Corp	MFC	4.9	13.6	22.0	😊😊😊
<b>Average</b>			<b>3.7</b>	<b>9.9</b>	<b>23.7</b>	

Across the four (4) dividend increases this month, we see an outstanding yield-growth combination with 23.7% average dividend per share growth against an average dividend yield of 3.7%. Some of this effect is partially a result of the recent stock market correction with the stock prices of these holdings falling significantly, thereby pushing up their current dividend yields. Nevertheless, a couple of these positions are strongly accelerating their dividend growth – namely GoDI top-10 holdings AbbVie and Manulife.

AbbVie is a mega-capitalization (US\$130B) biotech and pharmaceutical company which discovered and markets the rheumatoid arthritis drug Humira. Humira is the world's top-selling prescription drug and accounts for approximately 65% of AbbVie's current sales, despite the fact that Humira's patent protection expired in 2016. AbbVie's 11.5% dividend per share increase comes three (3) quarters following its last dividend increase – bringing its year-over-year dividend per share increase to 50.7%. Through this dividend increase and a price correction in its stock price, AbbVie's dividend yield as of the date hereof marginally exceeds 5% per annum. AbbVie trades inexpensively at 10x analyst expected earnings, amongst the cheapest since it was spun off from its former parent company, Abbott Labs, in 2013. AbbVie is expected by analysts to growth earnings this year by 42% (in-line with its dividend increase), and by 11.9% per annum over the next five (5) years. At its current price, AbbVie remains a top-10 DGARP position in the Fund.

Manulife Financial has many of the same financial and dividend characteristics as AbbVie – except for it being in a very different industry. First, Manulife also increased its dividend only three (3) after its last dividend increase – this quarter by 13.6% resulting in a year-over-year dividend increase of 22.0%. Second, with this dividend increase and its recent price weakness, Manulife too has a current yield of over 5% per annum. Third, Manulife also trades very inexpensively at a forward P/E ratio which is the cheapest since the Great Recession at 6.8x forward expected EPS. Finally, Manulife is expected to grow its earnings by 24% this year (in-line with its annual dividend increase) and by mid-to-high single digit growth thereafter. Like AbbVie, Manulife also remains a top-10 DGARP position in the GoDI portfolio.

### Next Month's Expected Dividend Announcements:

During December 2018, we are expecting at least four (4) annual dividend increase announcements from our current holdings:

No.	Name	Ticker Symbol	Current Ind Div Yld (% p.a.)	Est. Announce Date	Est. Div Increase (%)
1	Amgen Inc	AMGN	2.5	December 7	5-12
2	Broadcom Inc	AVGO	2.9	December 6	20-30
3	Enbridge Inc	ENB	6.1	December 11	8-10
4	Pfizer Inc	PFE	2.9	December 17	5-8

Always remember our primary message: “Growing income”, as opposed to “fixed income”, is the only means of maintaining the purchasing power of your (or your client's) income stream over the years to come.

If you would like more information regarding the [AlphaDelta Growth of Dividend Income Class](#) and its current portfolio (including the up-to-date presentation piece), please feel free to contact me directly or alternatively contact AlphaDelta Management Corp. ( [www.AlphaDelta.com](http://www.AlphaDelta.com) ).

Thank you for your continued interest in the Fund,

*John J. Schmitz*

John J. Schmitz, Ph.D., CFA



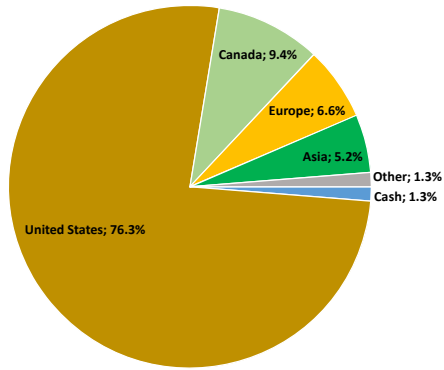
No. Ticker	List Type	Company Name	Portfolio Weight	Country of Domicile	BICS Sector	BICS Industry	Market Cap (\$B CAD)	Div Yld Indicated (% p.a.)	Ind Div PS 1 Year Growth (% p.a.)	Ind Div PS 1 Year Time Series	Ind Div PS 3 Year Growth (% p.a.)	Ind Div PS 3 Year Time Series	Ind Div PS 5 Year Growth (% p.a.)	Ind Div PS 5 Year Time Series	SciVest GDI Score	12-Mth Forward EPS Yld (% p.a.)	12-Mth Forward CF Yld (% p.a.)	12-Mth Forward P/E	12-Mth Forward P/CF	
			<b>98.7%</b>																	
61	COR	US CORESITE REALTY CORP	0.6%	US	Financials	REIT	6	4.2	14.4		34.9		30.7		33.3	2.3	5.5	44.0	18.3	
62	WHR	US WHIRLPOOL CORP	0.6%	US	Consumer Discretionary	Home Improvement	11	3.6	4.5		8.5		13.0		33.6	13.1	20.7	7.6	4.8	
63	STI	US SUNTRUST BANKS INC	0.6%	US	Financials	Banks	37	3.2	25.0		27.7		38.0		32.9	10.0	10.1	10.0	9.9	
64	CONE	US CYRUSONE INC	0.6%	US	Financials	REIT	8	3.3	9.5		13.5		23.5		31.9	1.6	5.6	60.6	17.8	
65	SPG	US SIMON PROPERTY GROUP INC	0.6%	US	Financials	REIT	76	4.3	8.1		7.7		10.8		32.0	4.1	5.7	24.6	17.6	
66	CNQ	CA CANADIAN NATURAL RESOURCES	0.6%	CA	Energy	Exploration & Production	41	4.0	21.8		13.4		21.8		37.8	8.8	21.9	11.4	4.6	
67	SCGLY	ADR SOCIETE GENERALE-SPONS ADR	0.5%	FR	Financials	Diversified Banks	39	6.8	0.0		22.4		37.4		23.3	15.1	21.6	6.6	4.6	
68	WPP	ADR WPP PLC-SPONSORED ADR	0.5%	GB	Communications	Advertising & Marketing	19	6.9	0.4		12.2		14.7		19.7	12.6	14.5	7.9	6.9	
69	NEE	US NEXTERA ENERGY INC	0.5%	US	Utilities	Integrated Utilities	115	2.4	13.0		13.0		11.0		28.7	4.6	8.8	21.9	11.4	
70	ENB	CA ENBRIDGE INC	0.5%	CA	Energy	Midstream - Oil & Gas	80	6.1	10.0		13.0		16.3		38.8	5.6	11.1	17.7	9.0	
71	CE	US CELANESE CORP	0.5%	US	Materials	Basic & Diversified Chemicals	18	2.1	17.4		21.6		24.6		36.2	11.7	13.2	8.6	7.6	
72	AMX	ADR AMERICA MOVIL-SPN ADR CL L	0.5%	MX	Communications	Telecom Carriers	59	2.3	6.7		-16.5		8.8		16.6	8.0	25.5	12.5	3.9	
73	SWKS	US SKYWOKS SOLUTIONS INC	0.5%	US	Technology	Semiconductor Devices	17	2.1	18.8		13.5		n/a		21.1	10.6	12.4	9.4	8.1	
74	STLD	US STEEL DYNAMICS INC	0.5%	US	Materials	Steel Producers	11	2.1	21.0		10.9		11.3		24.9	13.7	17.3	7.3	5.8	
75	SMFKY	ADR SMURFIT KAPPA GROUP PLC-ADR	0.4%	IE	Materials	Containers & Packaging	9	3.8	11.4		14.4		23.9		35.5	12.5	22.4	8.0	4.5	
76	EXR	US EXTRA SPACE STORAGE INC	0.4%	US	Financials	REIT	16	3.6	10.3		13.4		16.5		34.0	3.1	n/a	32.3	n/a	
77	GIS	US GENERAL MILLS INC	0.4%	US	Consumer Staples	Packaged Food	34	4.6	0.0		3.7		5.2		20.6	7.8	10.0	12.8	10.0	
78	KHC	US KRAFT HEINZ CO/THE	0.4%	US	Consumer Staples	Packaged Food	83	4.9	0.0		4.4		n/a		10.7	7.4	9.0	13.4	11.2	
79	BNPQY	ADR BNP PARIBAS-ADR	0.3%	FR	Financials	Diversified Banks	84	6.8	11.9		26.3		15.0		28.0	14.3	19.1	7.0	5.2	
80	DEO	ADR DIAGEO PLC-SPONSORED ADR	0.3%	GB	Consumer Staples	Beverages	116	2.3	5.0		5.0		6.6		15.2	4.6	3.8	21.6	26.2	
81	BAYRY	ADR BAYER AG-SPONSORED ADR	0.3%	DE	Health Care	Large Pharma	91	4.2	3.7		7.6		8.1		30.6	11.2	14.3	9.0	7.0	
82	BBY	US BEST BUY CO INC	0.3%	US	Consumer Discretionary	Consumer Elec & Applc Stores	23	2.8	32.4		25.1		21.5		37.9	8.8	13.5	11.4	7.4	
83	QWE443	CA ALPHADelta CDN GRWTH OF DIV	4.8%	CA	Other	Other	47	4.5	16.6		15.1		15.2		30.7	7.8	10.4	12.7	9.6	
Invested Portfolio Equal Weighted Average			1.19%																	
<b>Invested Portfolio Weighted Average</b>			<b>1.86%</b>								<b>83.6</b>	<b>3.74</b>	<b>15.0</b>	<b>16.2</b>	<b>18.7</b>	<b>27.6</b>	<b>9.5</b>	<b>13.8</b>	<b>14.0</b>	<b>9.3</b>
							<b>91.3</b>	<b>3.77</b>	<b>21.5</b>					<b>28.9</b>	<b>10.1</b>	<b>13.8</b>	<b>12.0</b>	<b>8.8</b>		

\* Data as of date = November 30, 2018

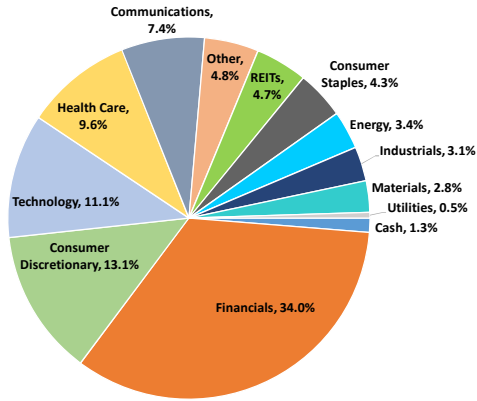
Dividend Coverage = 269% 367%

\*\* All data is captured just prior to publication. Data is sourced and derived from Bloomberg and SciVest Capital Management Inc. "BICS Sector" and "BICS Industry" definitions are from the Bloomberg Industry Classification System. "Market Cap" is the current market capitalization of equity. "Div Yld Indicated" is the most recent annualized dividend yield. "Ind Div PS" is the annualized gross amount of the most recent indicated dividend per share. The "Ind Div PS Times Series" charts show the annualize indicated dividend per share on a monthly basis as of each calendar month-end for the stated time period. The "SciVest GDI Score" is SciVest Capital Management Inc.'s proprietary Growth of Dividend Income Score. The SciVest GDI Score ranges from 0 to 40 (higher is better) and captures the magnitude of the combination of current dividend yield and dividend per share growth for each company stock (i.e., the higher the SciVest GDI Score, the higher the companies relative combined dividend yield and dividend growth). "12-Mth Forward P/E" is the ratio of current stock price to Bloomberg's blended 12-month forward aggregate analyst estimate of earnings per share from continuing operations, while "12-Mth Forward EPS Yld" is the inverse of this ratio. "12-Mth Forward P/CF" is the ratio of current stock price to Bloomberg's blended 12-month forward aggregate analyst estimate of cash flow per share, while "12-Mth Forward Cashflow Yld" is the inverse of this ratio. "Portfolio Equal Weighted Average" is the simple arithmetic mean of each data item across all portfolio holdings, and "Portfolio Weighted Average" is the weighted average of each data item where each data point within the average is weighted by the percentage held of each portfolio holding (not including cash). Within the each average calculation, missing values are assigned the average of the remaining data items.

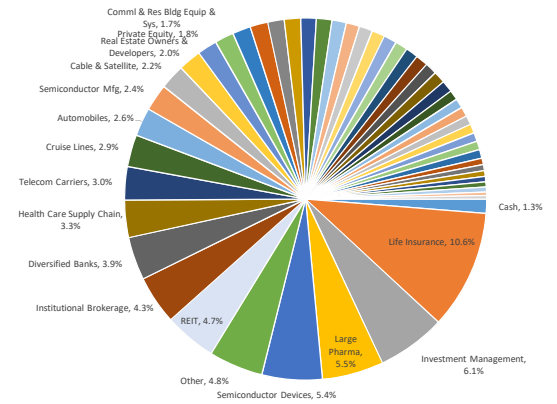
### COUNTRY OF DOMICILE



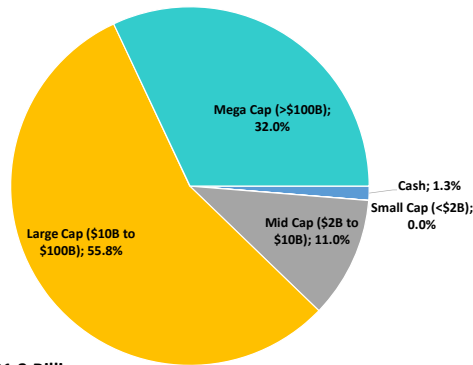
### BLOOMBER SECTORS



### BLOOMBER INDUSTRY GROUP

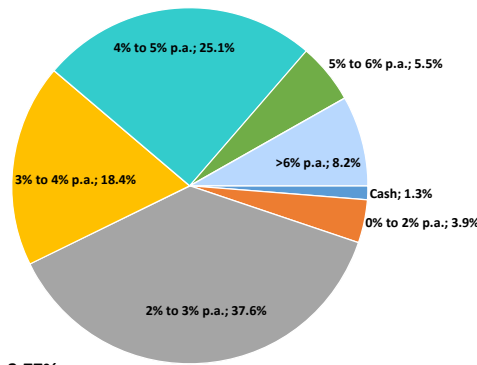


### MARKET CAP BUCKETS (CA\$)



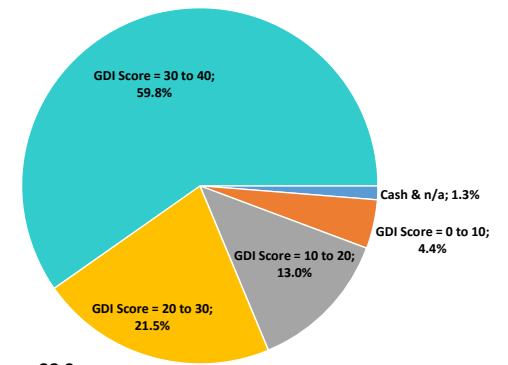
Average = \$91.3 Billion

### DIVIDEND YIELD BUCKETS



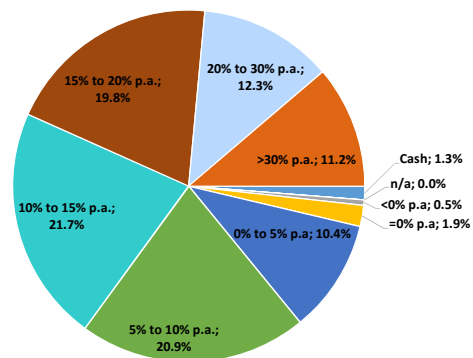
Average = 3.77% p.a.

### SCIVEST GDI SCORE BUCKETS



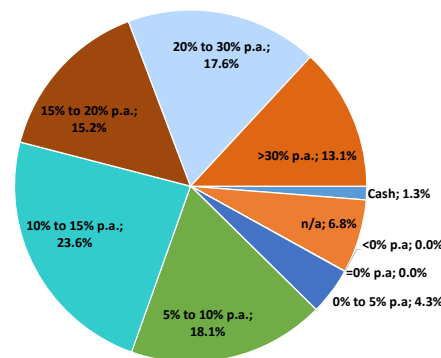
Average = 28.9

### 3 YEAR DIVIDEND GROWTH BUCKETS



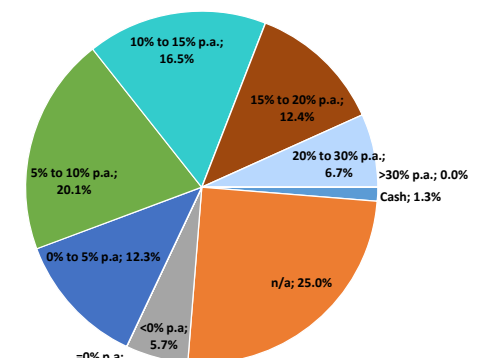
Average = 18.1% p.a.

### 5 YEAR DIVIDEND GROWTH BUCKETS



Average = 19.1% p.a.

### 10 YEAR DIVIDEND GROWTH BUCKETS



Average = 10.8% p.a.